United Nations E/CN.18/2003/2/Add.3

Economic and Social Council

Distr.: General
26 March 2003

Original: English

United Nations Forum on Forests
Third session
Geneva, 26 May-6 June 2003
Item 4 (a) of the provisional agenda*
Common items for each session

Multi-stakeholder dialogue

Note by the Secretary-General

Addendum

Discussion paper contributed by the forest business and industry major group

Summary

The International Council of Forest and Paper Associations and the World Business Council for Sustainable Development are two of the United Nations Forum on Forests focal points for the forest business and industry major group.

The International Council of Forest and Paper Associations represents the trade associations for the forest industry worldwide. In total, member companies of the Council operate in 39 different countries. The goal of the Council is to present the collective position of its members on global issues.

In fulfilling that function, the Council has presented herein its views on progress towards implementation of the Intergovernmental Panel on Forests/ Intergovernmental Forum on Forests proposals for action to be considered at the third session of the United Nations Forum on Forests. In general our aim is to see continuous improvement in the sustainable management of forests in every country. We place particular emphasis on transparent reporting of progress in a clear manner, addressing the issue of forest law enforcement, the important role of plantations in achieving sustainability, plus other issues that we feel are critical to achieving the goal of sustainability that is common to all stakeholders and levels of Government.

* E/CN.18/2003/1.

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The World Business Council for Sustainable Development's sustainable forest products industry working group provides a platform for leading private sector forestry and forest products companies from North and South America, Europe and Asia to collectively define and achieve sustainability in the forest products industry.

There is a high degree of connection between the objectives and work programme of the working group and the three key themes of the third session of the United Nations Forum on Forests. The working group recommends that the third session focus on activities that will increase the well-being of forest associated communities by placing emphasis on the following areas: (a) framework conditions for private investment, (b) national forest standards development, (c) investing in forest management capacity in developing countries, (d) combating illegal logging, and (e) ecosystem services identification and valuation.

The working group requests that the Forum (a) improve forest policy involvement in cross-sector forums and processes associated with the main causes of deforestation, (b) recognize other multi-stakeholder dialogue processes, such as The Forests Dialogue, (c) strengthen future multi-stakeholder dialogue processes for the fourth and fifth sessions of the Forum, and (d) encourage collaboration and cooperation between forest certification systems to support sustainable forest management globally.

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I. Contribution by the International Council for Forest Paper Associations

A. Introduction

1. Deliberations at the third session of the United Nations Forum on Forests (UNFF) will focus on the following elements:

(a) Economic aspects of forests;

(b) Forest health and productivity;

(c) Maintaining forest cover to meet present and future needs.

2. This paper represents the views of the International Council of Forest and Paper Associations with regard to these three areas and is provided to the Forum secretariat for consideration by Forum participants.

B. Background

3. The International Council of Forest and Paper Associations consists of trade associations in 39 countries representing industries accounting for 75 per cent of the world's paper production and more than 50 per cent of the world's wood production. The main goal of the Council is to serve as a forum for joint action in areas ranging from communications to data collection. This cooperation deals with international matters and with developing and promoting common positions. The Council also represents industry in multilateral organizations.

4. The common interests of industry within the Forum's activities focus on the sustainability of the world's forest resources and the encouragement of the private sector, Government and intergovernmental bodies to each fulfil their appropriate roles to meet this important goal. To that end, an assessment is provided below as to the progress these different entities have made in achieving the proposals for action outlined in the Intergovernmental Panel on Forests/Intergovernmental Forum on Forests, and the areas where there is need for more to be accomplished.

C. Economic aspects of forests

Forest law enforcement

5. The Intergovernmental Panel on Forests/Intergovernmental Forum on Forests proposals for action make several references to the need for capacity-building, including institutional support in many regions. Lack of progress in this area continues to contribute to the problem of illegal logging. This activity not only contributes to deforestation, but also undermines the viability of legally harvested and traded forest products and is a serious detriment to forest sustainability. The forest and paper industry acknowledges that forest law enforcement is the responsibility of domestic authorities, but concedes that such practices are not always easy to control.

6. The establishment of laws and regulations that promote and advance sustainable forest management, as well as the correct enforcement of these laws, are

activities welcomed by the industry and should be fully supported by all Governments.

7. Agencies involved in assistance to countries and industry members can assist through the dissemination and application of new technologies that support monitoring of forest activities.

8. The forest law enforcement and governance process has been an important first step in highlighting illegal logging and trade concerns, and needs to be expanded to include mechanisms that regularly report progress in remaining areas of concern.

Forest development

9. We take note that the World Bank has adopted a policy that includes support for sustainable forest management projects addressing the full range of forest benefits, including economic benefits. We urge all donors to recognize that economic values are one of the essential principles of sustainability and can be important to addressing other issues, such as poverty alleviation.

10. The Intergovernmental Panel on Forests/Intergovernmental Forum on Forests invited countries to promote policies and regulations that encourage private sector investments and the International Council of Forest and Paper Associations feels that there is still progress to be made in this area. Countries enable forest investment when they create a secure, predictable, legally structured institutional framework within which business can operate.

Forest certification

11. Private sector commitments have produced substantial progress towards sustainable forest management through collaborative development and the application of voluntary systems for forest management certification and codes of conduct. To date, nearly 134 million hectares have been independently certified to be in compliance with one of several standards. We urge all forest enterprises to pursue similar goals in the future.

12. In order to facilitate these goals a system of mutual recognition for systems meeting basic thresholds of credibility is needed. The Council calls on the continued involvement of the Food and Agriculture Organization of the United Nations as a convenor of parties with an interest in this task and asks for acknowledgement from other international organizations that mutual recognition can be an important contributor to sustainable forest management worldwide.

Trade

13. Governments have been encouraged to develop market-based instruments in support of sustainable forest management and we would urge all entities to recognize that free and open markets, both domestically and internationally, and founded within effective processes of governance, should be a goal for the entire community.

14. The proposals for action note that no consensus was reached on trade liberalization within the auspices of the World Trade Organization. The Forum should strive to reach such a consensus.

D. Forest health and productivity

Assessment

15. A number of proposals refer to the importance of forest assessments and provide recommendations for their improvement. Assessment is the first step towards protecting health and productivity and is broadly insufficient at this time.

16. As a means to facilitate better assessment the Forum should consider the conclusions and recommendations of the recent conference on criteria and indicators in Guatemala City dealing with the implementation of criteria and indicators. A commonly recognized set of criteria at the global level will improve cost effectiveness of assessments and allow transparent articulation of health and productivity concerns among countries.

Research and technical assistance

17. Research, capacity-building and direct technical assistance priorities should adequately reflect the importance of forest health and productivity. There are substantial needs in this area and substantial benefits to be gained from increased productivity of fibre, as well as from more effective fire, insect and disease prevention and suppression.

E. Maintaining forest cover to meet present and future needs

Plantations

18. Negotiations in the context of the Intergovernmental Panel on Forests/ Intergovernmental Forum on Forests agreed that plantations are an important contributor to global forest sustainability. They represent the best avenue for increasing forest productivity of fibre and they allow other aspects of sustainability, such as conservation of biological diversity, to be better supported through the fact that these lands offset demands for wood.

19. Plantation establishment and management should be considered an important topic within the research, capacity-building and technical assistance priorities.

Economic valuation

20. The most efficient motivator for maintaining forest cover continues to be the ability of forests to support the present and future well-being of people, including their ability to realize economic advancement. Actions to support the economic viability of forests were referred to in section C on the economic aspects of forests, but are equally relevant to the issue of maintaining forest cover.

21. In addition, the economic value of non-timber forest products, such as carbon sequestration, should be promoted through various mechanisms as a tool for landowners to realize additional market-based incomes from their forests.

II. Discussion paper, policy recommendations and action requests submitted by the World Business Council for Sustainable Development

A. Introduction

22. The World Business Council for Sustainable Development is a coalition of 165 international companies united by a shared commitment to sustainable development. Its members are drawn from more than 30 countries and 20 major industrial sectors, including forest-based industries. The Council also operates a global network of 40 national and regional business councils and partner organizations involving some 1,000 business leaders. The Council's mission is to provide business leadership as a catalyst for change towards sustainable development and to promote the role of eco-efficiency, innovation and corporate social responsibility. The Council has provided a platform for leading forestry and forest products companies since the mid-1990s, producing in 1996 the publication "Towards the Sustainable Paper Cycle" and subsequently establishing a formal working group. In 1999, along with lead NGOs, it launched the forests dialogue, a multi-stakeholder process linking civic society and the private sector in order to seek consensus on sustainable forest management.

23. In August 2002, the sustainable forest products industry project was established with the goals of enhancing public and consumer confidence in sustainably sourced forest products and building stakeholder confidence in the industry by improving its sustainable development performance. Participating Council member companies are leading international forestry, forest product manufacturing and user companies, including Aracruz Celulose, AOL Time Warner, Basic Elements, Grupo Nueva, International Paper, MeadWestvaco, Mondi, Nippon Unipac, Norske Skog, Oji Paper, Proctor & Gamble, Portucel, Stora Enso, Sonae Industria, UBS Timber, UPM-Kymmene, and Weyerhaeuser. In November 2002, the Council started to provide support to the Global Forest Industry CEO Forum — a network of global forest product company leaders, including Council and non-Council member companies, which are collectively responsible for an estimated 40 per cent of annual industrial wood fibre production. In January 2003, the Council entered into a cooperative agreement with WWF International to positively influence global sustainable forest management and sustainable forest products industry issues, processes and developments. It also initiated with the World Conservation Union (IUCN) a quarterly dialogue process to enhance cooperation on sustainable forest management and biodiversity conservation initiatives, and is actively strengthening relationships with other globally focused environment groups.

B. The Council's connection with Forum themes — Economic aspects of forests; Forest health and productivity; Maintaining forest cover to meet present and future needs

24. The sustainable forest product industry working group of the Council works actively with environmental and social groups, customers and other stakeholders in seeking to enhance sustainably managed forests to meet the needs of the current population of six billion people — nine billion by 2050 — for: wood and paper products; renewable energy; ecosystem services, such as biodiversity, carbon

sequestration and watershed values; economic well-being and sustainable livelihoods.

25. During 2003 and 2004 the sustainable forest product industry working group of the Council, in partnership with the CEO Forum, participants in The Forests Dialogue and bilateral partners, is specifically working to:

- Encourage the effective use of credible forest certification systems.
- Seek consensus on definitions and objectives for high conservation forests and for intensively managed forests.
- Develop appropriate sustainability reporting parameters for the industry.
- Work to combat illegal logging.
- Enhance appreciation of the forest industry's important role in reducing atmospheric greenhouse gases via carbon sequestration in forests, carbon storage in forest products and through supplying renewable, carbon-neutral energy.
- Develop and communicate a vision for the sustainable forest products industry.

26. Collectively, private sector forestry and forest product enterprises are:

- The primary suppliers of a wide range of essential forest products to local and global markets — from construction materials, paper, sanitary products, packaging to specialty chemicals — with production currently around US$ 750 billion per year.
- Significant suppliers of ecosystem services, such as carbon sequestration, watershed, soil conservation and recreation, from privately owned forest land.
- The primary, long-term investors in forestry and processing development projects.
- Providers of millions of jobs and economic support to thousands of local communities.
- Active innovators — developing and applying science and technology to improve eco-efficiency, social well-being and economic competitiveness.
- Significantly involved in the development of sustainable forest management standards and, often, are the primary implementer of on-the-ground sustainable forest management operations.

27. The three Forum session themes are relevant to the private sector. There is alignment with specific Council objectives for the sustainable forest products industry and its work programme. The Council is one of three industry focal points within the Forum's multi-stakeholder dialogue process. Based on this, we anticipate that the Forum will give appropriate consideration to our policy recommendations and action requests.

C. The Council's policy recommendations and action requests to the Forum at its third session

28. The World Business Council for Sustainable Development recommends that the United Nations Forum on Forests and participating Governments focus on implementation activities that will increase the well-being of affected people associated with forested areas. Unless human needs are substantially met, efforts devoted to forests will fail. Specifically we recommend placing emphasis on initiatives associated with the following priorities drawn from the IPF/IFF proposals for action:

(a) Creating framework conditions — including the rule of law, secure land tenure and property rights — that support and stimulate private sector investment in sustainable forest management and sustainable manufacturing developments;

(b) Supporting the development and utilization of forest management programmes and standards that are appropriate to local forest, social and economic circumstances and based on multi-stakeholder dialogue processes;

(c) Increasing and improving the coordination of development investments by major official development assistance providing nations and key agencies in forest management capacity in developing countries, concentrating on those with the highest regions with rates of deforestation;

(d) Placing high priority on combating illegal logging in association with industry, NGOs and local communities;

(e) Accelerating work associated with the identification and valuation of forest ecosystem services to create the opportunity to recognize their economic value.

29. The Council requests that the Forum undertake the following specific actions:

(a) Encourage forest policy makers to more directly address the underlying causes of deforestation — such as poverty, rapid population growth, energy and food needs — by actively and assertively introducing sustainable forest management considerations into intergovernmental and multilateral policy forums and processes dealing with:

(i) Agricultural development and food security, e.g., World Food Programme, Food and Agriculture Organization of the United Nations;

(ii) Sustainable development and poverty alleviation, e.g., World Bank, United Nations Development Programme;

(iii) Population issues, e.g. Population Division of the United Nations Secretariat;

(iv) Energy and climate change, e.g. United Nations Framework Convention on Climate Change;

(v) Trade and investment liberalization, e.g. World Trade Organization;

(b) Support effective sustainable forest management policy development within the Kyoto Protocol, which is a critical priority;

(c) Recognize and endorse existing non-governmental multi-stakeholder processes that are addressing sustainable forest management, such as the forests dialogue;

(d) Direct and resource the United Nations Forum on Forests secretariat to significantly expand and strengthen its multi-stakeholder dialogue process for the fourth and fifth sessions of the Forum;

(e) Encourage certification systems to collaborate and mutually support the achievement of good forest management outcomes globally — thereby allowing customers and major users of forest products, including Governments, to operate inclusive purchasing strategies utilizing a range of credible certification systems that support sustainable forest management and economic well-being.